



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 8/29/2001

GAIN Report #MY1049

Malaysia

Oilseeds and Products

Oilseeds and Products Update (Aug)

2001

Approved by:

Bonnie Borris

U.S. Embassy, Kuala Lumpur

Prepared by:

R Hoh

Report Highlights:

Malaysia's CPO production declined by 3 percent to 925 TMT in July, 2001. Lower CPO output further depressed carry-out stocks to lower levels at the end of July. The average local CPO price rose from US\$259/MT in July to US\$318/MT in August. The 5-percent export tariff on semi-processed palm oil products will be lifted on September, 2001.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Kuala Lumpur [MY1], MY

Table of Contents

Executive Summary 1

Annual Situation (Oct/Sep) 2

Quarterly Outlook for Palm Oil: 3

Production 4

Prices 5

Stocks: 6

Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production declined by three percent from 925 TMT in the month of June 2001 to 897 TMT in July. Output in the Peninsula increased by three percent while East Malaysia's production was down by 14.5 percent. Compared to July 2000, output during July 2001 was 6.0 percent higher. A seven percent increase in CPO output during the Jul-Sep quarter seems achievable at the moment and overall total CPO production should reach 12 MMT in 2000/01.

Price

Lower carry-in stock levels and a stronger Indonesian rupiah influenced the strong uptrend in local CPO prices during the month of August. The average CPO price rose 23 percent from US\$259/MT in July to US\$318/MT in August, the highest level since April, 2000. For comparison, the average CPO price for August, 2000 was US\$259/MT. RBD Palm Oil FOB average price also increased from US\$287/MT in July to US\$337/MT in August. Because of the attractive palm oil prices, some producers have pulled back some replanting plans.

Stocks

Lower CPO output further pressured carry-out stocks to lower levels at the end of July. In line with the forecast of a small increase in CPO output for the current quarter, the average CPO stock level is expected to increase to in the range of 1.0 -1.1 MMT by the end of September. .

Trade

Preliminary official exports dropped from 970 TMT in June to 865 TMT in July. The five percent export tariff on semi-processed palm oil products will be lifted on September 1, 2001.

Annual Situation (Oct/Sep)

PS&D table for palm oil remained unchanged since submission of MY1034.

	Revised 1999/00	Prelim 2000/01	Forecast 2001/02
(1,000 tons)			
Beg Stock	1208	1368	1,110
Production	10,491	12,000	11,900
Imports	50	120	50
Total Supply	11,749	13,488	13,060
Exports	8,408	10,600	10,000
Domestic Use	1,973	1,775	1,860
Ending Stock	1,368	1,110	1,200

Quarterly Outlook for Palm Oil:

	2000 1/ May-Jun	2001 2/ May-Jun	2000 1/ Jul-Sep	2001 2/ Jul-Sep
Beg Stocks 3/	943	1251	1036	1031
Prod- Pen.Mal	1674	1833	1971	2000
- East Mal	741	999	937	1040
- Total	2415	2832	2908	3040
Imports	8	38	18	40
Total Supply	3366	4121	3962	4111
Exports 4/	1875	2680	2050	2500
Dom Disap 5/	455	410	544	501
End Stocks	1036	1031	1368	1110

1/ Revised;

2/ Forecast;

3/ Stocks including crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ residual

Production

	2000	2000	2001	2001
	July	Jan-July	July	Jan-July
(In 1,000 MT)				
CPO:				
Pen. Malaysia	606	3816	627	4233
East Malaysia	240	1671	270	2333
- Total 1/	846	5487	897	6266
Palm Kernel : Malaysia	245	1635	254	1879
Palm Kernel Oil: Malaysia	110	743	126	873
Palm Kernel Meal: Malaysia	129	878	146	1020

1/ Totals June not add due to rounding differences.

Includes some revisions in previous months.

2/ Revised

Prices

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Aug 2000	984	275	294	222
Sep	924	260	279	200
Oct	768	218	246	146
Nov	806	226	248	184
Dec	757	210	223	190
Jan 2001	718	200	212	178
Feb	695	193	200	171
Mar	779	223	235	186
Apr	812	223	240	176
May	739	207	225	166
Jun	789	224	240	171
Jul 1/	983	287	298	198
Aug (till 27 th)	1207	337	358	287

1/ Revised

Exchange Rate (Aug 30 , 2001): US\$1.00 = RM3.799

Stocks:

	2000	2001	2001	2001
	July	May	June	July
(In 1,000 MT)				
Crude P. Oil	544	718	596	450
Processed PO	531	468	435	472
- Total PO	1075	1186	1031	922
Palm Kernel	79	131	116	92
P. Kernel Oil	163	264	236	265